

Attachment A

(SAMPLE) HOUSING ALLOWANCE RESOLUTION

(To be inserted in the minutes of the meeting)

The chairperson informed the meeting that under the tax law, a minister of the gospel is allowed to exclude from gross income: (1) the rental value of a home furnished to him or her as part of his or her compensation; or (2) a housing allowance paid to him or her as part of his or her compensation, to the extent used by him or her to rent or provide a home and to the extent such allowance does not exceed the fair rental value of the home, including furnishings and appurtenances such as a garage, plus the cost of utilities.

The (charge conference or church council) on the ____ day of _____, after discussing the amount to be paid to Rev. _____ as a housing allowance, on motion duly made and seconded, adopted the following resolution:

Rev. _____ shall receive salary of \$ _____ for the year. Rev. _____ shall also receive a housing allowance of \$ _____ for the year _____ and all future years unless otherwise provided.

(If the clergy person is to have rent-free use of a home, also state:

"Rev. _____ shall also have rent-free use of the home located at _____ for the year ____ and for every year thereafter so long as he/she is minister of the _____ United Methodist Church unless otherwise provided.")

The housing allowance (and/or rent-free use of a home) shall be so designated in the official church records.

Attachment B

(SAMPLE) HOUSING ALLOWANCE NOTIFICATION BY THE CHURCH

Date _____

Dear _____:

This is to notify you of the action taken establishing your housing allowance at a meeting held on _____. A copy of the Resolution is attached.

Under Section 107 of the Internal Revenue Code, a minister of the gospel is allowed to exclude from gross income (1) the rental value of a home furnished to him or her as part of his or her compensation; or (2) a housing allowance paid to him or her as part of his or her compensation, to the extent used by him or her to rent or provide a home and to the extent such allowance does not exceed the fair rental value of the home, including furnishings and appurtenances such as a garage, plus the cost of utilities.

You should keep an accurate record of your expenditures to rent or provide a home in order to be able to substantiate any amounts excluded from gross income when filing your federal income tax return. In the event of an audit, clergy receiving a housing allowance will have the responsibility of substantiating the use of such funds. Also, remember that the housing allowance (including the fair rental value of a provided parsonage) must be included as part of your earnings for self-employment tax purposes.

Sincerely yours,

Title

Attachment

Attachment C

HOUSING ALLOWANCE ESTIMATE WORKSHEET

<u>EXPENSE ITEM</u>	<u>ESTIMATE</u>
• utilities (electricity, heat, water, trash pickup, and local telephone)	\$ _____
• furniture and appliances (purchases and repair)	_____
• building repairs and remodeling	_____
• property insurance	_____
• yard maintenance, landscaping and improvements	_____
• maintenance items (cleaning and and maintenance supplies, electrical supplies)	_____
• miscellaneous	_____
FOR OWNERS	
• real estate taxes	_____
• mortgage payments/down payment	_____
• improvements	_____
•	
FOR RENTERS	
• rent payments	_____
TOTAL	\$ _____